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Transcript of Record

TRANSCRIPT OF RECORD

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1934

No. 220

PHILIP A. LUCKETT, APPELLANT,

vs.
DELPARK, INCORPORATED, AND PARKER, FORD AND
DICK, INCORPORATED

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR
THE DISTRICT OF NEW JERSEY

FILED DECEMBER 8, 1934

(30,727)

1. The first thing I noticed when I stepped
out of the plane was the cold. It was a
sharp contrast to the warm air of the
tropical island. The sun was shining
brightly, but the wind was cold. I
shivered as I walked down the stairs.
The pilot smiled at me and said, "Welcome
to the island. It's a beautiful place."
I nodded and smiled back. I was
glad to be here. I had heard so much
about this island, and now I was finally
here. I was going to have a great
vacation.

(30,727)

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INDEX

	Original	Print
Record from the district court of the United States, district of New Jersey.....	1	1
Petition for and order allowing appeal.....	1	1
Assignment of errors.....	3	1
Judge's certificate.....	4	2
Clerk's certificate.....	5	2
Bill of complaint.....	6	3
Plaintiff's Exhibit A—Agreement between "The P. A. Lockett Company" and Phillip A. Lockett, November 19, 1915.....	24	12
Plaintiff's Exhibit B—Agreement between The P. A. Lockett Company and Phillip A. Lockett, December 7, 1915.....	26	12
Plaintiff's Exhibit D—Agreement between Phillip A. Lockett and The P. A. Lockett Company, January 27, 1916	28	14

	Original	Print
Plaintiff's Exhibit E—Agreement between The P. A. Lockett Company and The Lockett Company, January 9, 1917.....	33	16
Exhibit—Articles of amendment of The Lockett Company	37	18
Clerk's certificate.....	39	20
Notice of motion to dismiss.....	40	20
Affidavit of Archibald Cox.....	41	21
Clerk's certificate.....	44	22
Memorandum opinion, Runyon, J.....	45	22
Clerk's certificate.....	53	27
Judgment	54	28
Clerk's certificate.....	56	28
Citation and service..... (omitted in printing) ..	57	29
Clerk's certificate.....	59	29

[fol. 1] **IN UNITED STATES DISTRICT COURT, DISTRICT
OF NEW JERSEY**

In Equity. No. 135

PHILIP A. LUCKETT, Plaintiff,
against

DELPARK, INCORPORATED, and PARKER, FORD AND DICK, INCORPORATED, Defendants

PETITION FOR AND ORDER ALLOWING APPEAL—Filed Nov. 24, 1924

To the Honorable the Judges of the District Court of the United States
in and for the District of New Jersey:

Your petitioner, Philip A. Lockett, conceiving himself to be aggrieved by the decision of this learned Court, speaking by His Honor, District Judge William N. Runyon, dated the 10th day of September, 1924, wherein and whereby he directed that the Bill of Complaint be dismissed for the want of Jurisdiction as a Court of the United States; and by the order entered on the 17th day of September, 1924, con-[fol. 2] forming to the said decision, hereby appeals to the Supreme Court of the United States from said decision and prays that this, his appeal, may be allowed, and that a transcript of the record and proceedings may be caused to be prepared and furnished to him, upon payment of the costs.

And he hereby prays reference to the accompanying Assignment of Errors; and that a Citation may issue to the Marshal of this District and be served upon the said defendants.

Philip A. Lockett, by Treacy & Milton, His Solicitors. J.
Granville Meyers, Esq., Thomas J. Johnston, Esq., of
Counsel.

Now on this 21st day of November, 1924, the foregoing petition is allowed, and the Clerk is directed to prepare the transcript therein referred to.

Wm. N. Runyon, United States District Judge.

[fol. 3] **IN UNITED STATES DISTRICT COURT**

[Title omitted]

ASSIGNMENT OF ERRORS—Filed Nov. 21, 1924

The plaintiff, Philip A. Lockett, assigns for error upon his appeal to the Supreme Court of the United States the following matters:

I. The learned District Court erred in holding that it has no jurisdiction of the cause.

II. The learned District Court erred in ordering the Bill of Complaint dismissed for the want of jurisdiction.

III. The learned District Court erred in not proceeding to hear and determine the cause upon the merits.

Philip A. Luckett, by Treacy & Milton, His Solicitors. J. Granville Meyers, Esq., Thomas J. Johnston, Esq., of Counsel.

[fol. 4] IN UNITED STATES DISTRICT COURT

[Title omitted]

JUDGE'S CERTIFICATE--NOV. 21, 1924

I, William N. Runyon, District Judge of the United States for the District of New Jersey, do hereby certify that after argument of counsel, and upon motion duly made, I was of opinion that the Court had no jurisdiction as a Court of the United States in the above-entitled cause; and that the Order dismissing the Bill of Complaint was founded upon the want of jurisdiction as a Court of the United States.

Wm. N. Runyon, United States District Judge.

[fol. 5] IN UNITED STATES DISTRICT COURT

CLERK'S CERTIFICATE

I, George T. Cranmer, Clerk of the District Court of the United States of America, for the District of New Jersey, in the Third Circuit, do hereby certify the foregoing to be a true copy of the original Assignment of Errors, Petition for Appeal, Order Allowing Appeal, and Certificate of Court on file and now remaining among the records of the said Court, in my office.

In testimony whereof, I have hereunto subscribed my name and affixed the seal of the said Court, at Trenton, in said District, this fourth day of December nineteen hundred and twenty-four.

George T. Cranmer, Clerk District Court, U. S., by R. S. Chevrier, Deputy. (Seal of District Court of the United States, District of New Jersey.)

[File endorsement omitted.]

[fol. 6]

IN UNITED STATES DISTRICT COURT

[Title omitted]

BILL OF COMPLAINT—Filed Sept. 8, 1923

To the Honorable the Judges of the District Court of the United States in and for the District of New Jersey:

Philip A. Luckett, a citizen of the United States and of the State of Connecticut, residing in South Norwalk, in said State of Connecticut, brings this his Bill of Complaint against Delpark, Incorporated, a corporation organized and existing under the laws of the State of New York, having an office and place of business at the corner of Plane and Academy Streets, in the City of Newark and State of New Jersey, and within this Judicial District, and there and elsewhere within the United States committing the acts hereinafter complained of; and against Parker, Ford & Dick, Inc., formerly known as The Luckett Company, a corporation organized and existing under the laws of the State of Maryland, also having an office and place of business at the office of Delpark, Incorporated, at the corner of Plane and Academy Streets, in the City of Newark, and State [fol. 7] of New Jersey, within this Judicial District, and there and elsewhere within the United States committing the acts hereinafter complained of.

(I) And thereupon your orator complains and says, that as to many of the acts hereinafter complained of he is informed and believes and therefore avers, and that as to other of the acts complained of he speaks from personal knowledge, as set out in paragraphs II to XVIII herein, as follows:

(II) And thereupon your orator complains and says, that heretofore, to wit, on and before the 19th day of May, 1914, he was the true, original, first and sole inventor of certain new and useful improvements in Union Suits, not known and used before his invention or discovery thereof, not in public use or on sale for more than two years before his application for Letters Patent of the United States hereinafter referred to, not patented or described in any printed publication in this or any foreign country before his invention or discovery thereof, or more than two years before his application for Letters Patent hereinafter referred to, and for which no application for Letters Patent in any foreign country had been made by him or his representatives or assigns more than twelve months prior to his application for Letters Patent hereinafter referred to, and which he had never abandoned to the public.

Thereafter, to wit, on May 19, 1914, he filed in the United States Patent Office an application for Letters Patent covering his said invention, which application bore Serial Number 839,584; and there- [fol. 8] after such proceedings were had that on the 12th day of November, 1918, Letters Patent No. 1,284,319 were issued to him for his said invention.

(III) And your orator further shows unto your Honors, that on and before August 7, 1915, he was the true, original, first and sole inventor of a certain other improvement in Union Suits, not known or used before his invention or discovery thereof, not in public use or on sale for more than two years before his application for Letters Patent of the United States hereinafter referred to, not patented or described in any printed publication in this or any foreign country before his invention or discovery thereof, or more than two years before his application for Letters Patent hereinafter referred to, and for which no application for Letters Patent in any foreign country had been made by him or his representatives or assigns more than twelve months prior to his application for Letters Patent hereinafter referred to, and which he had never abandoned to the public.

Thereafter, he filed in the United States Patent Office an application for Letters Patent covering his invention, which bore Serial Number 44,253; and thereafter such proceedings were had that on the 12th day of October, 1915, Letters Patent No. 1,156,301 were issued to him for his said invention.

(IV) And your orator further shows unto your Honors that the relation between the said two Letters Patent is that of generic and specific, and that the later one of the said two Letters Patent No. 1,284,391, was in reality for an invention made before that of the [fol. 9] earlier Letters Patent and is for the broader invention; and that the reason why Letters Patent for the more specific invention issued before that for the broader invention is because of an interference in the United States Patent Office between your orator and one Straub, in which interference proceedings your orator prevailed, all of the decisions in the United States Patent Office excepting only that of the Assistant Commissioner having been in your orator's favor; and the decision of the Assistant Commissioner having been reversed and overruled by the Court of Appeals of the District of Columbia; whereupon Letters Patent issued to your orator for the claims which were in issue in the said interference as well as others.

And as to each of the said Letters Patent profert is hereby made, and the originals thereof, or certified copies duly authorized, are ready here in court to be produced; and your orator prays that they may be taken as part of this Bill of Complaint as fully as if set out herein.

(V) And your orator further shows unto your Honors, that on the 19th day of November, 1915, a certain agreement was entered into between The P. A. Luckett Company, a corporation of Maryland and Philip A. Luckett, your orator, as licensors, and Delpark, Incorporated, of New York, as licensee, by which there was granted to the licensee a non-exclusive license to make the "garment designated and defined in application, No. 839,584" of May 19, 1914, which is the same application upon which Letters Patent No. 1,284,391 subsequently issued, wherein was reserved to the licensors a royalty of three-fourths of one per cent ($\frac{3}{4}$ of 1%) of the selling price of all garments manufactured, sold or delivered under said Patent right and license from and after issue of the

Letters Patent; and wherein as conditions subsequent to be performed within a reasonable time, Delpark, Incorporated, covenanted to give access to its books of account and keep a separate account of sales and manufacture of licensed goods; which your orator avers means three-fourths of one per cent of the retail selling price to the consumer, and not a like proportion of the selling price to the jobber, or of the manufacturer's wholesale price; all as will hereinafter more fully appear.

(IV) And your orator further shows that said the P. A. Luckett Company had at no time any right, title or interest in and to the said Letters Patent, or the application pending therefor; but at all times was liable to pay, and did in fact pay, royalties to your orator for its manufacture of Union Suits described and claimed in the several letters-patent set out in this bill of Complaint, and was at all times a mere licensee, with no right to sub-license or to collect royalties under the first named of said letters-patent, No. 1,284,391; and that the inclusion of the said corporation in the license was at the request and insistence of said Delpark, Incorporated, and was for the purpose, as hereinafter will more fully appear, of using said The P. A. Luckett Company as an instrument to defraud your orator.

[fol. 11] A copy of the said agreement and contract of November 19, 1915, is hereunto annexed and is marked "Plaintiff's Exhibit A"; and your orator prays that it may be taken with the same force and effect as if set out at large as a part of his bill of complaint, and that the Court will refer thereto for a more full recital and understanding of the terms thereof.

(VII) And your orator further shows unto your Honors, that on or about December 7, 1915, a further or supplementary agreement was entered into between the P. A. Luckett Company and Philip A. Luckett, as Licensors, and Delpark, Incorporated, as Licensee, wherein the licensors agreed not to license any other person or corporation to make and sell the "Said Delpark suits" and also that they themselves would not make the "said Delpark suits" for anyone save Delpark, Incorporated; which said agreement further refers to the prior agreement of November 19, 1915; and also contains an agreement by the licensors not to license any person or corporation to make the Philip A. Luckett suits as shown in the Luckett Patent, No. 1,156,301, of October 12, 1915; and also extends the license under the prior agreement of December 7, 1915, to the Dominion of Canada; but no provisions therein contained authorized Delpark, Incorporated, to make the Union Suits set out in the said Letters Patent No. 1,156,301; nor does such agreement of December 7, 1915, extend to the Dominion of Canada.

All of which will more fully appear from the copy of agreement hereunto annexed and marked "Plaintiff's Exhibit B" which it is [fol. 12] prayed may be taken as a part of this bill of complaint as if herein set forth at large, and that the Court may refer thereto for more full and complete information.

(VIII) And your orator further shows that said the P. A. Luckett Company had at that time no title to the said Letters Patent No. 1,156,301, and did not claim to own the same, or to have any right or title therein either as Licensee or otherwise, but as heretofore set out with reference to the agreement of November 19, 1915, paragraph VI of this Bill of Complaint, the inclusion of the said the P. A. Luckett Company was by the request and insistence of Delpark, Incorporated, and was made for the purpose of using that company as a cloak and a cover by which to defraud your orator, as will hereafter more fully appear; and the moving consideration for the said agreement on the part of Delpark, Incorporated, was its desire and plan to exclude all others from the making of the so-called "Delpark Union Suit," which infringes both of the said Letters Patent herein set out; that so much of the moving consideration was proper, and was effectively carried out by the said agreement; but the inclusion of the said the P. A. Luckett Company was intended to be and was the pretended basis of a claim by Delpark, Incorporated, and by Parker, Ford & Dick, Inc., formerly known as the Luckett Company, that the said defendants did not know to whom to pay the royalties, which were admitted to be due, and did not know in what proportion payments should be made to your orator, and to the Luckett Company, which is owned and controlled by Delpark, Incorporated; [fol. 13] whereas the fact was and is, and was and is certainly known to be by the said defendants, that the said the P. A. Luckett Company and the Luckett Company were never entitled to any part of the said royalties, which were due and payable only to your orator, on information and belief your orator avers that the said pretense was a mere subterfuge, and defendants intended to evade and did evade payment of any royalties whatever to the corporations or to your orator, to the manifest wrong and injury of your orator in the premises.

(IX) And your orator further shows unto your Honors, that on or about the 27th day of January, 1916, an agreement was entered into between Philip A. Luckett as Grantor, and the P. A. Luckett Company, as Grantee, wherein and whereby the Grantor Assigned to the Grantee his Letters Patent No. 1,156,301, upon conditions subsequent that the P. A. Luckett Company was to pay certain royalties, to keep certain accounts, to leave its books open for inspection, and render quarterly statements; and further agreed not to sub-license, assign or encumber without the Grantor's assent in writing, and to divide any royalties collected by the grantee under any such sub-license; and further agreed to push vigorously the sale of Union Suits covered by the specific claims of the Letters Patent assigned.

And the Grantee further covenanted and agreed that if it should fail to carry out fully, carefully and completely the conditions and each and all of them, the title to the Letters Patent granted should [fol. 14] revert to your orator, who agreed on his part to give to the

Grantee thirty (30) days' notice in writing of his election to resume title thereto.

A copy of the said agreement is hereto annexed, marked complainants' "Exhibit D," which complainant prays may be taken to be of the same force and effect as if set out at large in this his Bill of Complaint.

(X) And your orator further shows unto your Honors that on or about the 9th day of January, 1917, the P. A. Luckett Company and Philip A. Luckett, as Grantors, assigned and set over to the Luckett Company, one of the defendants herein, as Grantee, said Letters Patent, No. 1,156,301, subject to the faithful performance of the provisions and convenients of the said prior agreement of January 27, 1916, which is therein referred to and incorporated as part of the said agreement.

A copy of the said agreement is hereunto annexed and marked "Plaintiff's Exhibit E," and your orator prays that the Court will refer thereto for more full and certain information as to the terms of the said agreement, and that it may be taken as part of this, his Bill of Complaint, as fully as if set out herein at large.

(XI) And your orator further shows unto your Honors, that on or about the 19th day of March, 1921, the Luckett Company, by proper proceedings in the State of Maryland, changed its name from the Luckett Company to Parker, Ford & Dick, Inc., but without change of its corporate identity, as by the certificate of the State Tax Commission of Maryland under its hand and seal, which is hereunto annexed and marked "Plaintiff's Exhibit F," will more fully and at large appear; and your orator prays that the said certificate may be taken to be a part of his *his* Bill of Complaint as fully as if set out at large herein.

(XII) Your orator further shows unto your Honors that no part of the conditions subsequent in the said several agreements of contracts have ever been performed, either by Delpark, Incorporated, or by Parker, Ford & Dick, Inc., as the successors in interest of the P. A. Luckett Company, or by the Luckett Company, as the successor in interest of the P. A. Luckett Company prior to the change of name to Parker, Ford & Dick, Inc., but that on the contrary, through your orator has frequently demanded access to the books of Delpark, Incorporated, and Parker, Ford & Dick, Inc., and the Luckett Company, and has repeatedly demanded that the said statements of account be prepared and forwarded to him, and has repeatedly demanded that the sum shown thereby to be due as royalties should be paid to him, yet the same has never been done; access to the books has been refused him, the statements have not been filed, and no part of the royalties due him has ever been paid.

(XIII) Wherefore, on or about the 27th day of November, 1918, your orator by notice in writing cancelled his agreements with the Luckett Company, pursuant to paragraph 8 of the agreement of

January 27, 1916, and resume his title to Letters Patent No. 1,156,301.

[fol. 16] (XIV) And your orator further shows unto your Honors, that the said The Luckett Company and Parker, Ford & Dick, Inc., have never at any time made any effort to interduce to the trade the garment described in Letters Patent, No. 1,156,301, which said garment has been known in the trade as the "My Pal" garment; but on the contrary, although by the agreements of January 27, 1916, and January 9, 1917, they are expressly obligated and bound to use every reasonable endeavor to interduce the said garment to the trade to manufacture and furnish the same upon orders therefor, yet the said The Luckett Company and Park, Ford & Dick, Inc., have refused and do now refuse to manufacture the same or to advertise it or press it for sale; and upon information and belief your orator alleges that the reason for this has been that defendant, The Luckett Company, now known as Parker, Ford & Dick, Inc., was controlled by Delpark, Incorporated, and was compelled by Delpark, Incorporated, to violate its said agreement so that the competition of the "My Pal" garment with the Delpark garment might be eliminated; to the manifest injury and wrong of your orator, and to his loss of the royalties which might and should properly have been paid to him upon the sale of the "My Pal" garments.

(XV) And your orator further shows into your Honors, that the said Delpark, Incorporated, is controlled by one Beldell Parker and one David William Ford, who are, respectively, the Parker and the Ford of Parker, Ford & Dick, Inc., and that *that* the Dick thereof is [fol. 17] one Dr. J. McFadden Dick, who was an officer of The P. A. Luckett Company, and was also an officer of The Luckett Company, and is now, as your orator is informed and believes, the President of Parker, Ford & Dick, Inc., and your orator further avers that the said Dick has no control of Parker, Ford & Dick, Inc., although nominally the President thereof, but resides at Salisbury, in the State of Maryland and is actively engaged in the practice of medicine there; and that the said Bedell Parker and David William Ford are the active managers of Parker, Ford & Dick, Inc., and were so of The Luckett Company before its change of name; and that they have removed the entire assets of the said The Luckett Company to the office and factory of Delpark, Incorporated, at the address set out in the preamble of this, his Bill of Complaint, and by stock-purchase or otherwise they control the entire assets and action of the said Parker, Ford & Dick, Inc., and conspiring together have induced the said The Luckett Company and Parker, Ford & Dick, Inc., to violate its contracts and agreements with your orator; and have included The P. A. Luckett Company as joint Grantors in each of said contracts with your orator, and are seeking to give color of title to the said The P. A. Luckett Company, and have claimed and said The P. A. Luckett Company, and have claimed and continue to claim, that they, the defendants herein, do not know to whom to pay the said royalties due and accrued under their license as aforesaid; whereas the said claim is wholly false and fictitious, and was made to advoid the said pay-

[fol. 18] ments of royalties which are due to your orator solely and alone.

(XVI) And your orator further shows unto your Honors, that The P. A. Luckett Company, if it exists at all, exists only as a mere shell without assets, without plant, without personnel, and without capacity for transacting business of any kind; and that said The P. A. Luckett Company, upon a date not definitely known to your orator but which he prays he may supply when he receives information set over all of its assets to The Luckett Company, now known as Parker, Ford & Dick, Inc.; whether The P. A. Luckett Company was ever dissolved or simply ceased to exist, your orator is not informed; but he prays leave hereafter to supply such information if it shall be acquired. He alleges on information and belief that the said The P. A. Luckett Company has wholly ceased to exist.

(XVII) And your orator further shows unto your Honors, that Delpark, Incorporated, is a large concern with substantial capital, and ever since the issue of the Letters Patent No. 1,284,391 on November 12, 1918, has been actively engaged in the manufacture and sale of the Delpark garment so-called, which infringes the claims of the said Letters Patent and also the claims of Letters Patent No. 1,156,301; and that large numbers of the said garment have been made and sold upon which royalties are now due to your orator, the amount of which he is wholly unable to state with definiteness, but which is far larger than three thousand dollars, exclusive of interest and costs; and that though often requested as hereinbefore set out, no accounting has ever been had between your orator and Delpark, Incorporated, or Parker, Ford & Dick, Inc., either as to royalties due [fol. 19] or as to damages for failure to observe the contract to exploit the "My Pal" garment.

(XVIII) To the end, therefor, that the defendants may, if they can, answer the matters and things hereinbefore set out (but not upon oath, an answer under oath being hereby expressly waived), your orators pray that your Honors may issue not only the writ or writs of injunction and the restraining order hereinafter more particularly referred to, but also a subpoena ad respondendum of the United States of America, addressed to the defendants and each of them, commanding them on a day certain therein to be named to attend upon this Court and therein to submit to and obey such order or orders as to the Court shall seem meet, and as in equity and good conscience may be required.

And your orators further pray that this court will enter its orders requiring the defendants to obey the same in the matters and things hereinafter particularly set forth, in paragraphs A to M, as follows:

(A) Issue its order compelling the defendants to file a statement under oath of the number of garments, either the "Delpark" garments, so-called, or others, answering to the claim or claims of either of the letters-patent hereinbefore referred to, which have been manufactured, sold or delivered since November 12, 1918, in the case of

patent No. 1,284,391, and since the 12th day of October, 1915, in the case of letters-patent No. 1,156,301, including the two dates set forth; the said statement to contain retail prices at which the said garments were to be sold, and to contain an account of the royalties to be paid thereon according to the contracts and agreements hereinbefore specifically set forth; and to deposit with the clerk of this [fol. 20] Court the amounts admitted to be due by the said statement of account, subject to the further order of the Court.

(B) An order directing the defendants to file a statement of the number of garments of the "My Pal" construction outlined in patent No. 1,156,301, which have been manufactured, sold or delivered by The Luckett Company or by Parker, Ford & Dick, Inc.; and also a statement of the orders received but not filled by either or both of the said concerns; with retail prices at which the garments were to be sold, and the amount of stipulated royalties under the agreement of January 27, 1916, hereinbefore referred to; and to deposit the amount of such royalties with the clerk of this Court, subject to the further order of the Court.

(C) An order requiring defendants and each of them to deposit with the clerk of this Court the original license agreements of November 19, 1915; of December 7, 1915; of January 27, 1916; and of January 9, 1917.

(D) An order requiring the defendants and each of them to deposit with the Clerk of this Court, subject to the further order of the Court the agreements of sale, and to disclose the full particulars of the transfer of assets from The P. A. Luckett Company to The Luckett Company, now by change of name known as Parker, Ford & Dick, Inc.

(E) An order requiring the defendants to file with the Clerk of this Court a list of the officers and stockholders of Delpark, Incorporated, and of the officers and stockholders of Parker, Ford & [fol. 21] Dick, Inc., formerly known as The Luckett Company, together with the numbers of shares held by each stockholder.

(F) An order directing the defendants and each of them to permit access to all of the books of account of the said defendants concerning the manufacture, sale or delivery of Delpark garments, or of "My Pal" garments, made under the terms of the letters patent hereinbefore referred to; the said order to authorize an examination by a certified public accountant, selected by the plaintiff herein or appointed by the Court and free from any affiliation with the defendants in this case, of the books of the defendants for the purpose of verifying or impeaching the statements of account referred to in paragraphs A and B of these prayers for relief.

(G) An order compelling the corporation formerly known as The Luckett Company, but now known as Parker, Ford & Dick, Inc., to execute a formal re-assignment of letters-patent No. 1,156,301,

dated October 12, 1915, to the plaintiff, Philip A. Luckett, so as to remove the cloud upon his present title.

(H) An order cancelling the licenses and agreements authorizing the manufacture, sale and delivery of the so-called Delpark garment, or the so-called "My Pal" garment by Delpark, Incorporated, and the corporation formerly known as The Luckett Company, but now known as Parker, Ford & Dick, Inc., including all forms of License, whether expressed in the contracts to be ordered to be deposited with the clerk under Paragraph C of these prayers of relief, or by implication, or otherwise.

[fol. 22] (I) An order awarding to plaintiff damages against the corporation Parker, Ford & Dick, Inc., for suppressing the "My Pal" garment, and for failure to carry out paragraph 7 of the agreement of January 27, 1916, referred to and adopted by the agreement of January 9, 1917, to exploit fully the "My Pal" garment and to use its best endeavor to market the same.

(J) An order restraining the defendants from the time of filing of this bill and the application therefor, and a preliminary injunction to the time of hearing and the further order of the Court thereon, enjoining and restraining the defendants, or either of them, from the making, sale or delivery of the so-called Delpark garment, or the so-called "My Pal" garment, or any other garment infringing the claim or claims of the letters-patent hereinbefore set forth, until the further order of the Court.

(K) An order granting a permanent injunction enjoining and restraining Delpark, Incorporated, Parker, Ford & Dick, Inc., and their or any of their servants, clerks, workmen, factors, agents or salesmen from manufacture, sale or delivery of the Delpark garment or the "My Pal" garment or any other designated and defined in the letters-patent hereinbefore referred to.

(L) An order sending the cause to a master to take and state the account of profits and damages, both as to royalties due and accrued and as to damages for suppression of the "My Pal" garment; and to report the same to the court with all convenient speed, with his findings of fact and conclusions of law, for such further order as the Court shall see fit.

[fol. 23] (M) For such other and further relief, with leave to apply at the foot of the decree, as to the Court may seem meet and as in equity and good conscience may be required.

And your orator will ever pray, etc.

Philip A. Luckett, Treacy & Milton, 1 Exchange Place,
Jersey City, N. J.; J. Granville Meyers, Richard B. Cavanagh,
Thomas J. Johnston, of Counsel.

Sworn to by Philip A. Luckett. Jurat omitted in printing.

[fol. 24] "PLAINTIFF'S EXHIBIT A" TO COMPLAINT

This agreement, made this 19th day of November, in the year nineteen hundred and fifteen by and between "The P. A. Luckett Company," a body corporate, duly incorporated under the laws of the State of Maryland, and Phillip A. Luckett, of the first part and Delpark, Inc., of New York City, of the second part, witnesseth:

That in consideration of the sum of twenty five dollars and the further consideration hereinafter set forth the said parties of the first part do hereby give to the said party of the second part the right and license to manufacture and sell the union undergarment designated and defined in the application of Phillip A. Luckett dated May 19th, 1914, serial No. 839,584, the said right and license to become applicable when the patent is secured by said Phillip A. Luckett under said application and continue during the life of said patent.

And the said party of the second part in consideration of said right and license above set forth does hereby agree to pay to the said "The P. A. Luckett Company" and Phillip A. Luckett a royalty of three-fourths per cent ($\frac{3}{4}\%$) of selling price of all union undergarments manufactured sold or delivered under said patent right and license from and after the date of the issuance of said patent under said application; and in further consideration of said right and license the said party of the second part is to defend all suits instituted or brought against the said party of the first part relative to said patent and pay all costs incurred thereby.

[fol. 25] It is further agreed and understood by and between the parties hereby that the parties of the first part shall at all times have the right to inspect the books of the party of the second part pertaining to the garments manufactured and sold under said patent right, and that a separate account shall be kept by said party of the second part showing said sales and manufacture of all undergarments (union) under said patent right and license.

It is further understood between the parties hereto that should a suit be brought against the parties of the first — or either of them and if for any reason the said parties of the first part or either of them did not see proper to defend said suit, then the right is hereby given the said party of the second part to defend said suit and to deduct the costs and expenses for said defense from the royalty thereafter to become due the said parties of the first part. As witness the corporate seals of the respective corporations, and the signature of J. McFadden Dick, Pres. of The P. A. Luckett Company, and signature of (Signed) Bedell Parker, Pres. of Delpark, Inc., and the hand and seal of Phillip A. Luckett.

(Signed) J. McFadden Dick, Pres. Bedell Parker, Pres.
Phillip A. Luckett.

[fol. 26] "PLAINTIFF'S EXHIBIT B" TO COMPLAINT

This agreement, made this seventh day of December, in the year Nineteen Hundred and Fifteen, by and between the P. A. Luckett Company, a body corporate, duly incorporated under the laws of the

State of Maryland, and Phillip A. Luckett, of Salisbury, State of Maryland, parties of the first part and Delpark Incorporated, of New York City, and State of New York, party of the second part:

Whereas, Phillip A. Luckett has heretofore under a contract dated the nineteenth day of November, Nineteen Hundred and Fifteen, together with The P. A. Luckett Company have granted to the Delpark Incorporated, the right and license to manufacture and sell a union undergarment designated and defined in an application of Phillip A. Luckett as set forth in said agreement; and whereas the Delpark Incorporated under said right and license, desires to manufacture and sell the Delpark suits exclusively; and whereas The P. A. Luckett Company and Phillip A. Luckett are desirous of granting said right exclusively to the said Delpark Incorporated.

Now, therefore, this agreement witnesseth: That in consideration of the sum of one dollar (\$1.00), and the payment of royalties, as set forth in said agreement of the nineteenth day of November, Nineteen Hundred and Fifteen, by and between the parties hereto, the said The P. A. Luckett Company and Phillip A. Luckett do hereby agree with the Delpark Incorporated, that the said parties of the first part, or either of them, will not grant the right or license to any other person or corporation to make Delpark suits, should the said patent be [fol. 27] granted, as set forth in this and the former agreement referred to; and that the said The P. A. Luckett Company or Phillip A. Luckett will not manufacture the said Delpark suits for any other person or corporation, except the Delpark, Incorporated.

And The P. A. Luckett Company and Phillip A. Luckett hereby further agree with the Delpark Incorporated that the said parties of the first part, or either of them, will not grant the right or license to any person or corporation to manufacture the Phillip A. Luckett suits as defined in Letters Patent of the United States, Number 1,156,301 to Phillip A. Luckett, and dated October Twelfth, Nineteen Hundred and Fifteen.

And The P. A. Luckett Company and Phillip A. Luckett hereby extends the right and license granted to the Delpark Incorporated, under the aforementioned agreement of November nineteenth, Nineteen Hundred and Fifteen, so that the same will include the Dominion of Canada, and said right and license is hereby granted; and the said parties of the first part do further agree to make application to the Dominion of Canada for said patent rights within one year from the date the said patent rights are granted.

And it is further understood and agreed by and between the parties hereto that this contract is intended to be supplemental to the contract of November nineteenth, Nineteen Hundred and Fifteen, by and between the parties hereto and that the same is not intended in any respect to conflict with said agreement.

As witness the corporate seals of the respective corporations and the signature of J. McFadden Dick, President of The P. A. Luckett Company, and the signature of Bedell Parker, President of the Delpark Incorporated, and the hand and seal of Phillip A. Luckett.

(Signed) J. McFadden Dick, President The P. A. Luckett Co.
Bedell Parker, President Delpark, Incorporated. Phillip A.
Luckett. (Seal.)

[fol. 28] "PLAINTIFF'S EXHIBIT D" TO COMPLAINT

Agreement

This agreement made and entered into this 27th day of Jany., 1916, by and between Phillip A. Luckett, of Salisbury, in the County of Wicomico, and State of Maryland, party of the First Part, and The P. A. Luckett Company, of Salisbury, Maryland, a corporation created and existing under the laws of the State of Maryland, Party of the Second part, witnesseth:

Whereas, the Party of the First Part is the inventor of certain new and useful improvements in Union Undergarment, for which Letters Patent of the United States were granted to him on the 12th day of October, 1915, Number 1,156,301, and of which Letters Patent he is now the sole owner; and

Whereas, the Party of the Second Part is desirous of acquiring an interest in and to said Letters Patent and the invention covered thereby;

Now, therefore, to all whom it may concern, be it known, that for and in consideration of the Sum of One Dollar (\$1.00) each to the other in hand paid, the receipt whereof is hereby acknowledged, and in further consideration of the provisions and covenants of this agreement, it is mutually agreed by and between the parties hereto as follows:

1. The party of the first part hereby sells, assigns, transfers and sets over, and by these presents does sell, assign, transfer and set over, unto the Party of the Second part, all his right, title and interest in and to said Letters Patent No. 1,156,301, the same being the whole and entire right, title and interest in and to said Letters [fol. 29] Patent, this assignment being made however, subject to the faithful performance of the provisions and covenants of this agreement.

2. The party of the second part hereto agrees to pay to the party of the first part certain sums of money, as set forth hereinafter, on all garments sold directly or indirectly by the party of the second part to any person, or persons, firm or firms, corporation or corporations, whatsoever, it being understood that the sums or amounts of money to be paid by the party of the second part to the party of the first part are based upon the price or prices at which the garment or garments is sold, or are sold in the open market to the purchaser, consumer, or public, and are not based or calculated upon the selling price to the wholesaler, merchant, jobber or dealer.

- a. The party of the second part hereby agrees to pay to the party of the first part the sum of ten cents (10¢) on each and every dozen garments sold by the said party of the second part, and embodying the invention of said Letters Patent, when the selling price at which said garment is sold, or intended to be sold, in the open market to

the consumer or public, is listed, fixed or placed at fifty cents (50¢) or less per garment.

b. The party of the second part hereby further agrees to pay to the party of the first part the sum of fifteen cents (15¢) on each and every dozen garments sold by the said party of the second part, and embodying the invention of said Letters Patent, when the selling price at which said garment is sold, or intended to be sold in the open market to the consumer or public, is listed, fixed or placed at more than fifty cents (50¢) per garment, but less than one dollar (\$1.00) per garment.

[fol. 30] c. The party of the second part hereby further agrees to pay to the party of the first part the sum of twenty-five cents (25¢) on each and every dozen garments sold by the said party of the second part, and embodying the invention of said Letters Patent, when the selling price at which said garment is sold, or intended to be sold in the open market to the consumer or public, is listed, fixed or placed at one dollar (\$1.00) and over per garment.

3. The party of the second part agrees to keep full, true and accurate book accounts of all garments sold by it, directly or indirectly, and which accounts are to be open to the inspection of the party of the first part, or his duly authorized representative, at all reasonable times.

4. The party of the second part further agrees to render quarterly statements to the party of the first part of all garments sold by the party of the second part, either directly or indirectly, and embodying the invention of said Letters Patent, each of said statements to accurately show and set forth the number of such garments sold, as well as the price at which the garments are sold, or intended to be sold in the open market to the general purchaser, consumer, or public. Such quarterly statements shall be rendered on the first day of January, April, July and October and each year during the life of the patent.

5. It is further understood and agreed by and between the parties hereto that the party of the second part shall not in any manner whatsoever make, grant or give to another, or others, any assignment, license, grant or mortgage under or pertaining to this patent and invention, or affecting the legal or equitable title thereof, without the written consent of the party of the first part, or his duly [fol. 31] authorized representative, first had and obtained. It is understood and agreed, however, that the party of the second part may license another, or others, under the patent, to make or use or sell garments embodying the invention covered by the patent provided the terms of such license shall be first submitted to the party of the first part, and his written consent and assent to the granting of the license be first obtained, and that the party of the first part pay the party of the second part a proportion of the license fees or

royalties obtained or accruing to the party of the second part from any licensee, the amount or proportion of such license fees or royalties to be paid to the party of the first part by the party of the second part to be mutually agreed upon before the execution of the proposed license or licenses.

6. It is further understood and agreed that the party of the second part shall have the right to enter suit against infringers of the said Letters Patent, the expenses of any litigation involving the patent, however, to be borne by the party of the second part.

7. The party of the second part further agrees to use its utmost endeavor in every legitimate manner to promote the manufacture and sale of the invention covered by the said Letters Patent, and to create a market, and public demand therefor.

8. In the event of the failure of the party of the second part to fully, faithfully and completely to comply with and carry out the covenants and provisions of this agreement and each or all of them, then this agreement and the assignment of the patent shall be null and void, and of no force and effect and all rights under said patent [fol. 32] will revert to and vest in the party of the first part the same as if this agreement and assignment had not been made; the party of the first part hereby agreeing, however, to give to the party of the second part thirty days' (30) notice in writing of the cancellation, forfeiture, and annulment of this agreement. This agreement shall be binding upon the parties hereto, their heirs, executors, legal representatives, successors and assigns.

Signed in duplicate at Salisbury, County of Wicomico, State of Maryland, this 27th day of Jany. 1916.

(Signed) Phillip A. Luckett, Party of the First Part. (Seal.)

P. A. Luckett Co., by J. McF. Dick, President, Party of the Second Part. (Corporate Seal.)

Witnesses for P. A. Luckett: (Signed) A. M. Walls.

Witnesses for P. A. Luckett Co.: (Signed) A. M. Walls.

[fol. 33] "PLAINTIFF'S EXHIBIT E" TO COMPLAINT

Agreement

This agreement made and entered into this ninth day of January, 1917, by and between The P. A. Luckett Company, a corporation of the State of Maryland, party of the First Part, and The Luckett Company, a corporation of the same State, Party of Second Part, witnesseth:

Whereas, by an agreement dated January 27, 1916, Phillip A. Luckett of Salisbury, Maryland, sold, assigned, transferred and set over unto the Party of the First Part, all his right, title and interest in and to Letters Patent, of the United States, No. 1,156,301, granted to the said Phillip A. Luckett on October 12, 1915, upon certain new

and useful improvements in Union Undergarments invented by him; and

Whereas, the terms and conditions upon which said assignment was made, and the covenants of the respective parties thereto are fully set forth in said agreement, a copy of which is hereto annexed and made a part hereof; and,

Whereas, it is provided in paragraph 5 of said agreement that no assignment, license, grant or mortgage under or pertaining to said patent or invention shall be made, granted or given by the said P. A. Luckett Company, Party of the First Part herein, without the written consent of the said Phillip A. Luckett, or his duly authorized representative, first had and obtained; and,

Whereas, said written consent to the assignment to the Party of the Second Part, has been duly given and is annexed to this agreement and made a part hereof; and,

[fol. 34] Whereas, The Luckett Company, party of the Second Part, has agreed to take over and purchase all the property and assets of The P. A. Luckett Company, Party of the First Part, including its interest in and to said Letters Patent, No. 1,156,301, and the invention covered thereby and its rights under the said agreement hereto annexed.

Now, therefore, to all whom it may concern:

Be it known that in consideration of the sum of One Dallar (\$1.00) each to the other in hand paid, the receipt of which is hereby severally acknowledged, and in further consideration of the mutual covenants and conditions hereinafter set forth, it is mutually agreed by and between the Parties hereto as follows:

The Party of the First Part hereby sells, assigns, transfers and set over, unto the Party of the Second Part, all its right, title and interest in and to said Letters Patent, No. 1,156,301, granted to it by the agreement with Phillip A. Luckett, aforesaid, together with all its right, title and interest in and to said agreement, and all rights and privileges therein contained; this assignment is made however, subject to the faithful performance by the Party of the Second Part of the provisions and covenants contained in the agreement with Phillip A. Luckett, aforesaid, which the Party of the Second Part hereby assumes and covenants to perform with the same force and effect as if herein fully set forth. It is further understood that no assignment, license, grant or mortgage under or pertaining to this patent and invention shall be made without the written consent of the said Phillip A. Luckett as provided in said agreement.

This agreement shall be binding upon the parties hereto, their successors and assigns.

[fol. 35] In witness whereof each of the parties hereto has caused its corporate seal to be hereunto affixed, attested by its Secretary, and these presents to be subscribed with its corporate name by its President pursuant to resolutions of its Board of Directors in this behalf, duly made and adopted, this ninth day of January, 1917.

The P. A. Luckett Company, by (Sgd.) J. McF. Dick, President. Attest: (Sgd.) A. M. Walls, Secretary. (Seal.)

The Luckett Company, by (Sgd.) J. McF. Dick, President. Attest: (Sgd.) A. M. Walls, Secretary.

In the presence of: (Sgd.) Howard H. Ruark. (Seal.)

[fol. 36] STATE OF MARYLAND,
County of Wicomico, ss:

I hereby certify that on this ninth day of January, 1917, before the undersigned, a Notary Public in the State and County aforesaid, personally appeared J. McFadden Dick, President of The P. A. Luckett Company, one of the parties mentioned in the foregoing assignment, and acknowledged the same to be the act and deed of the said The P. A. Luckett Company.

(Sgd.) Howard H. Ruark, Notary Public. (Seal.)

STATE OF MARYLAND,
County of Wicomico, ss:

I hereby certify that on this ninth day of January, 1917, before the undersigned, a Notary Public in the State and County aforesaid, personally appeared J. McFadden Dick, President of The Luckett Company, one of the parties mentioned in the foregoing assignment, and acknowledged the same to be the act and deed of the said The Luckett Company.

(Sgd.) Howard H. Ruark, Notary Public. (Seal.)

[fol. 37] EXHIBIT TO COMPLAINT

Articles of Amendment of "The Luckett Company" Changing Its
Name to "Parker, Ford & Dick, Inc."

The Luckett Company

Amended Certificate of Incorporation

This is certify that at a meeting of the stockholders of "The Luckett Company" held on the 15th day of March, 1921, duly warned in the manner provided in Section 15 of Article 23 of the Maryland Code of Public Civil laws as amended by Chapter 596, of Acts of 1916, the said corporation duly incorporated and organized under the laws of the State of Maryland, did by a vote of more than two thirds of the shares outstanding and entitled to vote amend its certificate of incorporation by striking out section First of its Certificate of Incorporation as heretofore existing and by inserting lieu thereof the following:

"First. The name of the said corporation is "Parker, Ford & Dick, Inc."

And this is further to certify, that the foregoing Amendment was advised by the Board of Directors of said corporation at a meeting held on the 31st day of January, 1921, duly warned and convened through the passage of a resolution, declaring that the afore-

going Amendment was advisable, and calling a meeting of the stockholders to take action thereon.

In witness whereof, the said corporation has caused this amendment to its charter to be signed and acknowledged in its name and on its behalf by its president and to be sealed with its corporate seal, duly attested by its Secretary, this 15th day of March, in the year one thousand nine hundred and twenty-one.

The Luckett Company, by J. McFadden Dick, President. D.
Wm. Ford, Secretary. (Corporate Seal.)

[fol. 38] STATE OF MARYLAND,
City of Salisbury,
County of Wicomico, ss:

I hereby certify, that on this 15th day of March, in the year of our Lord, one thousand nine hundred and twenty-one, before me, the subscriber, a Notary Public of the State of Maryland, in and for the County of Wicomico, aforesaid, personally appeared J. McFadden Dick, who for The Luckett Company, a body corporate and in its name and on its behalf, did as the president of said corporation acknowledge the foregoing instrument to be its act, and an amendment to its certificate of incorporation and at the same time the said J. McFadden Dick, being first duly sworn, made oath;

(1) That he was the Chairman of the meeting of the stockholders as set forth in the foregoing instrument or amendment to the charter of The Luckett Company and (2) that the matters and facts set forth in said articles of amendment are in fact true as therein stated.

In witness whereof, I have hereunto set my hand and Notarial Seal, on the day and date last above written.

Arthur H. Holloway, Notary Public. (Notarial Seal.)

Articles of Amendment of "The Luckett Company," changing its name to "Parker, Ford & Dick, Inc."

Approved by the State Tax Commission of Maryland, March 19th, 1921, as in conformity with law and ordered recorded.

William W. Beck, J. Enos Ray, Commissioners.

It is hereby certified that the within instrument is a true copy, as received, approved and recorded by the State Tax Commission of Maryland.

As witness my hand and the seal of the said Commission at Baltimore, this 20th day of June, 1923.

(Signed) C. C. Wallace, Secretary.

[fol. 39]

IN UNITED STATES DISTRICT COURT

CLERK'S CERTIFICATE

I, George T. Cranmer, Clerk of the District Court of the United States of America, for the District of New Jersey, in the Third Circuit, do hereby certify the foregoing to be a true copy of the original Bill of Complaint on file, and now remaining among the records of the said Court, in my office.

In testimony whereof, I have hereunto subscribed my name and affixed the seal of the said Court, at Trenton, in said District, this 4th day of December nineteen hundred and twenty-four.

George T. Cranmer, Clerk District Court, U. S., by R. S. Chevier, Deputy. (Seal of District Court of the United States, District of New Jersey.)

[File endorsement omitted.]

[fol. 40]

IN UNITED STATES DISTRICT COURT

[Title omitted]

NOTICE OF MOTION TO DISMISS—Filed Oct. 13, 1923

GENTLEMEN: Please take notice that I appear in this suit for Delpark, Inc., and Parker, Ford & Dick, Inc., on whose behalf a motion is made, for the purpose of this motion only and for no other purpose; and that upon the Bill of Complaint herein and upon the annexed affidavit I shall move this Court at a stated term to be held at the United States Court House and Post Office Building, in the City of Trenton, New Jersey, on the 22nd day of October, 1923, at the opening of the Court on that day or as soon thereafter as counsel can be heard, for an order that the service of the process of subpoena to answer the Bill of Complaint herein be vacated and that the Bill of Complaint herein be dismissed on the ground that this Court is without jurisdiction of the parties hereto as neither the plaintiff or any one of the defendants are citizens of the State of New Jersey, or residents of the District of New Jersey, and for such other or further relief in the premises as to the Court may seem proper.

Archibald Cox, Solicitor for Defendants, Delpark, Inc., and Parker, Ford & Dick, Inc., for the Purpose of This Motion Only.

Dated October 10th, 1923.

To Messrs. Treacy & Milton, Solicitors for Complainant.

[fol. 41]

IN UNITED STATES DISTRICT COURT

[Title omitted.]

AFFIDAVIT OF ARCHIBALD COX—Filed Oct. 13, 1923

Archibald Cox, being duly sworn, deposes and says that he is an attorney and counsellor at law, having an office at No. 233 Broadway, in the City of New York, in the State of New York, and residing at 1010 Rahway Road, Plainfield, New Jersey; that he is a member of the bar of the above entitled Court; that he especially appears herein on the part of the defendants only for the purpose of making a motion to set aside the process of subpoenas served on the Defendants on the ground that this Court is without jurisdiction, and for no other purpose.

I am informed that process of subpoena to answer the Bill of Complaint herein was issued and service had upon the said Defendants, Delpark, Inc., and Parker, Ford & Dick, Inc., at Newark, New Jersey, on the 25th day of September, 1923.

That it is alleged in the Bill of Complaint herein, in substance that the Complainant, Phillip A. Luckett is a citizen of the State of Connecticut, residing in South Norwalk, in said State, and that the Defendant, Delpark, Inc., is a corporation existing under the laws of [fol. 42] the State of New York, and having an office and place of business in the City of Newark, in the State of New Jersey, and that the Defendant, Parker, Ford & Dick, Inc., is a corporation organized and existing under the laws of the State of Maryland, also having an office and place of business at the office of said Defendant, Delpark, Inc.

The Bill of Complaint further alleges in substance, that certain agreements were made between the Complainant and the Defendants, by which the Defendant, Delpark, Inc. was authorized to manufacture and sell garments embodying the inventions described and claimed in Letters Patent of the United States Nos. 1,156,301 and 1,284,391; that the Defendant, Delpark, Inc. has failed to comply with the provisions of said agreements. The Bill prays that the Defendants be compelled to make an accounting of all garments manufactured and sold by them under said letters patent, in order that the amount of royalties due the plaintiff may be ascertained and that defendants be compelled to pay to plaintiff the amount of such royalties as are found due. Copies of said agreements are annexed to the Bill of Complaint.

The Bill also prays that the said licenses and agreements be cancelled, that the legal title to Patent No. 1,156,301 be adjudged to be in the Complainant, and that the Defendants be enjoined from the time of the filing of the Bill from the manufacture, sale or delivery of garments made according to said letters patent.

The relief which Complainant seeks is a matter which is not cognizable in a Federal Court unless the Complainant and Defendants are citizens of different states and the matter in controversy

[fol. 43] exceeds, exclusive of interest and costs, the sum or value of three thousand dollars. It is alleged that the Complainant and Defendants are citizens of different states. But neither the Complainant nor any of the Defendants are residents, citizens or inhabitants of the District of New Jersey, and therefore Defendants submit that the Court is without jurisdiction over the parties.

Archibald Cox.

Subscribed and sworn to before me this 10th day of October, 1923. Herman Gustow, Notary Public, New York County.
(Seal.)

[fol. 44] IN UNITED STATES DISTRICT COURT

CLERK'S CERTIFICATE

I, George T. Cranmer, Clerk of the District Court of the United States of America, for the District of New Jersey, in the Third Circuit, do hereby certify the foregoing to be a true copy of the original notice of motion to set aside service of subpoena and for dismissal of bill of complaint on file and now remaining among the records of the said Court, in my office.

In testimony whereof, I have hereunto subscribed my name and affixed the seal of the said Court, at Trenton, in said District, this 2nd day of December nineteen hundred and twenty-four.

George T. Cranmer, Clerk District Court, U. S. by R. S. Chevrier, Deputy. (Seal of the District Court of the United States, District of New Jersey.)

[File endorsement omitted.]

[fol. 45] IN UNITED STATES DISTRICT COURT

[Title omitted]

On Defendant's Motion to Set Aside Service and for Dismissal of Bill of Complaint

OPINION—Filed Sept. 10, 1924

Archibald Cox, Esq., Counsel in Support of Motion.

Messrs. Meyers and Cavanagh, Thomas J. Johnston, Esq., of Counsel, opposed.

Memorandum

RUNYON, District Judge:

This is a motion to set aside the service of process of subpoena and to dismiss the bill herein on the ground that this Court is without jurisdiction, owing to the fact that none of the parties is a citizen

of the State of New Jersey, nor a resident of the District of New Jersey, the plaintiff residing in South Norwalk, and being a citizen of Connecticut, Delpark, Inc. being a corporation organized and existing under the laws of New York, and Parker, Ford and Dick, Inc. a corporation organized under the laws of Maryland.

In the main the bill alleges that two patents were issued to the plaintiff, No. 1,156,301, for improvement in union suits, on October 12, 1915 and No. 1,284,391 for improvement in union suits on November 12, 1918.

The bill then proceeds to allege and set forth the making of certain [fol. 46] license agreements, one dated November 19, 1915, between a corporation known as the P. A. Luckett Company, the predecessor of Parker, Ford and Dick, Inc., and the plaintiff as licensors and the defendant Delpark, Inc., as licensee; one dated December 7, 1915 between the same parties; one dated January 27, 1916 between the present plaintiff as grantor and The P. A. Luckett Company as grantee, and one dated January 9, 1917, between The P. A. Luckett Company and plaintiff as grantors and The Luckett Company, now Parker, Ford and Dick, Inc., grantee.

It then alleges failure on the part of the defendants to comply with the provisions of the agreement and states that on November 27, 1918 plaintiff cancelled his agreements with The Luckett Company, now Parker, Ford and Dick, Inc., and resumed title to letters patent No. 1,156,301.

The further charge is made that the defendant Delpark, Inc. has, ever since the issue of Patent No. 1,284,391 been actively engaged in the manufacture and sale of garments which infringe the claims of both patents; that large numbers of garments have been made and sold, upon which royalties are due plaintiff, and that no accounting has ever been had between the plaintiff and either of the defendants, as to royalties due or damages sustained for failure to observe said contracts.

The relief sought is as follows:

1. That defendants file a statement, under oath, of all garments made pursuant to the licenses issued and embodying the inventions described in the two patents.
2. That the defendants produce in court the original license agreements.
3. That the defendants produce the agreement of sale and disclose the full particulars of the transfer of assets from The P. A. [fol. 47] Luckett Company to The Luckett Company, now Parker, Ford and Dick, Inc., together with a list of the officers and stockholders of Delpark, Inc.
4. That the plaintiff have access to the books of account of the defendants concerning the manufacture, sale or delivery of garments made under the terms of the license agreements.

5. That the defendant, Parker, Ford and Dick, Inc., formerly The Luckett Company, execute a formal re-assignment to plaintiff of letters patent No. 1,156,301.

6. That the licenses and agreements issued and made pursuant to the license agreements be cancelled.

7. That plaintiff recover damages against defendant, Parker, Ford and Dick, Inc., for failure to carry out the terms of one of the agreements.

8. That injunctions, both provisional and permanent, be issued against said Delpark, Inc. and Parker, Ford and Dick, Inc., enjoining them from the manufacture, sale or delivery of garments made according to the inventions set forth in the said patents.

As expressed by the plaintiff's brief, the situation is thus portrayed:

"In other words, the state courts of New Jersey could be used as well as this Court if the suit were merely one for the recovery of royalties.

But the suit goes much further than that and as the Court will see from a reading of the bill the plaintiff asks not only relief under its contracts, but that the contracts which have already been cancelled by plaintiff be set aside and plaintiff be awarded injunctions under its patent rights against the defendants as naked infringers. It will be seen that this brings into a single bill all of the relief to which the plaintiff conceives himself to be entitled and as the second branch [fol. 48] of the relief is by statute exclusively committed to the District Court of the United States, it could not be sought in the state courts at all" * * *

As bearing upon the right of a plaintiff in a case of this sort to combine different causes of action and to seek relief of various sorts upon various bases, Judge Bray's opinion in *Standard Dental Manufacturing Company v. National Tooth Company*, 95 Fed. 291 is illuminating.

This was a case where the plaintiff had granted certain licenses to the defendants and subsequently sought to enforce the license agreements and also charged the defendants with the infringement of patents.

The opinion, in part, says:

"To this bill the defendant demurs upon two grounds; First, that the bill is multifarious, in that it joins with one bill suits for the infringement of two patents; second, that the court has no jurisdiction to give the relief prayed for. The theory upon which this bill is framed seems to be that the license under which defendant was authorized to manufacture and sell and use the articles and improvements covered by the patents has been forfeited by the failure of the defendant to comply with the terms of the contract as to payment of royalty; that the complainant therefore has the right to invoke the power of this court, as a court of equity, to declare the said forfeiture of said contract, and order the cancellation of the articles

of agreement containing said license, and then, that being accomplished, that this court should, in the exercise of its jurisdiction under the patent laws of the United States, declare all manufacture, sale and use of the said patented articles and improvements since the forfeiture to be infringements of the patent monopoly of complainant, and that the usual remedy of an account and an injunction in patent suits should be accorded it. The facts concerning the license and the nonpayment of royalties stipulated for are sufficiently set out to form the basis for the principal question raised [fol. 49] by the demurrer. The jurisdiction of this court is, in a sense, special and must appear upon the face of the bill. As it appears by the statement in the bill that both complainant and defendant are corporations of the state of Pennsylvania, and, therefore, for the purposes of jurisdiction, citizens of that state, there can be no jurisdiction of a cause of action arising out of the contract of license set forth in the bill of complaint. The failure to pay the royalties, upon which the claim of forfeiture is grounded, is a breach of contract, cognizable in a court of common law. That and the cancellation of the contract of license, or other equitable remedy in that regard, are all matters justiciable in a state court, but in the absence of diverse citizenship, are clearly outside the jurisdiction of a federal court. It will not do to say that a forfeiture has taken place, *ipso facto*, by the nonpayment of the stipulated royalties, and that, therefore, all handling of the patented articles by defendant since then has been an infringement. The law does not arm one party to a contract with the power to determine in his own favor a condition of this kind, and thus produce for the other party to the contract all the disabilities and consequences that would follow a forfeiture legally ascertained and declared. Even where the contract provides that the failure to pay shall render it null and void the defendant has a right to be heard as to the facts upon which such annulment is made to depend. Forfeitures are not favored in equity, and the best considered 'decisions hold that even licenses containing express stipulations for their forfeitures are not, *ipso facto*, forfeited upon condition broken, but remain operative and pleadable until rescinded by a court of equity.' 2 Rob. Pat. §822; *White v. Lee*, 3 Fed. 222; *Adams v. Meyrose*, 7 Fed. 208; *Baker Mfg. Co. v. Washburn & Moen Mfg. Co.*, 18 Fed. 172; *Purifier Co. v. Wolf*, 28 Fed. 814.

"The obvious and logical course for the complainant in this case would be either to sue for damages for the nonpayment of royalties, or by a bill in equity, seek the rescission of the contract of license, and, that being obtained, to pursue the defendant in a federal court for an infringement; but in the case at bar the complainant seeks a rescission of the contract and a remedy for infringement in the same bill. The jurisdiction of this court, as we have already said, can only attach, if it attach at all, by reason of the provisions of [fol. 50] the patent law of the United States, which specially confers jurisdiction in cases arising under it. But in this case the complainant, in its bill, sets up a license, which, *prima facie*, protects the defendant in regard to the acts complained of, but which

complainant says has been forfeited by the non-performance by defendant of its stipulated payment of royalty, and for which it asks this court to order the said contract of license to be delivered up and cancelled. No suit for infringement can therefore lie until after this matter of the forfeiture is determined. This becomes and is the principal subject-matter of the present suit, and of that, as we have already shown, this court has no jurisdiction. The supreme court has so distinctly supported this view in the cases of *Wilson v. Sanford*, 10 How. 99, and *Hartell v. Tilghman*, 99 U. S. 547, that they must be considered as controlling the decision of the question here discussed. This case, then does not arise under any law of the United States, and, as has been before pointed out, this court is without jurisdiction to entertain a suit on the contract of license, either for the payment of royalties or the rescission and cancellation of the contract itself, and is therefore without jurisdiction at all, and the bill must be dismissed" (p. 293-294).

Another opinion is that of Judge Cross in *American Graphophone Company v. Victor Talking Machine Company*, 188 Fed. 431.

"Under the circumstances, the bill of complaint, considered as a whole, does not state such a breach or rescission of the license as entitled the complainant to the relief it seeks. The contract of license under which the defendants are manufacturing has not been abrogated or annulled either by the decree of any court, the act of the parties, or by virtue of any provision therein contained. Its alleged renunciation or repudiation by the defendants rests merely upon the complainant's assertion. Whether the defendants by their conduct have afforded legal ground for its rescission at the instance of the complainant, the courts upon proper application will determine. It does not, however, lie in the mouth of one of the parties to determine the question and thereupon act in a manner which would only be justifiable in case it has been judicially determined. Before the defendants can be held as infringers of the patent in suit, the license in question must be disposed of, and that constitutes an independent question which must be determined by itself before this court will entertain a bill under the patent laws for its infringement. The rule thus stated is supported by the case of *Comptograph Co. v. Burroughs Adding Machine Co.* (C. C.) 175 Fed. 787, decided by Judges Kohlsaat and Sanborn, which presented a situation very like the present. The defendant in that case was a licensee under a patent and as such was guilty of conduct which the complainant insisted amounted to a repudiation of the license" (p. 433).

Applying the above principles to the present case, I am of the opinion that before the question of infringement can be taken up, the various questions relating to the license agreements, the operations had thereunder and the royalties claimed, will have to be settled. And with the elimination from the case of the alleged infringements, which is the one feature peculiarly within the province

of the Federal Courts, comes to pass the establishment of a condition warranting the statement of plaintiff already quoted, to the effect that the state courts of New Jersey could be used as well as this Court, were the suit merely one for the recovery of royalties.

For the affording of such relief as is herein sought, aside from the infringement feature, the common law or equity courts of the various states have abundant jurisdiction; and without the infringement feature there is nothing, as I view it, except the question of diversity of citizenship, to warrant the bringing of the suit in the Federal Courts, or upon which the jurisdiction of said courts may be invoked.

4 This being so, the limitations imposed by Section 51 of the Judicial Code become operative, in directing

"that where the jurisdiction is founded only on the fact that the action is between citizens of different states, suits shall be brought only in the district of the residence of either the plaintiff or the defendant."

[fol. 52] The plaintiff, as hereinabove stated, being a resident of South Norwalk, Connecticut, and a citizen of that state; Delpark, Inc. being a New York corporation, and Parker, Ford and Dick, Inc. a Maryland corporation, it would seem clear that the Federal Court of New Jersey is without power to assume jurisdiction in the present case, no one of the parties being a resident of the District of New Jersey.

I am, therefore, of the opinion, for the reasons above set forth, that the service of process of subpoena herein must be set aside and the bill dismissed.

[fol. 53] IN UNITED STATES DISTRICT COURT

CLERK'S CERTIFICATE

I, George T. Cranmer, Clerk of the District Court of the United States of America, for the District of New Jersey, in the Third Circuit do hereby certify the foregoing to be a true copy of the original memorandum on file and now remaining among the records of the said Court, in my office.

In testimony whereof, I have hereunto subscribed my name and affixed the seal of the said Court, at Trenton, in said District, this 2nd day of December nineteen hundred and twenty-four.

George T. Cranmer, Clerk District Court, U. S., by R. S. Chevrier, Deputy. (Seal of the District Court of the United States, District of New Jersey.)

[File endorsement omitted.]

[fol. 54] IN UNITED STATES DISTRICT COURT

[Title omitted]

JUDGMENT—Sept. 17, 1924

The motion made on behalf of Delpark, Inc., and Parker, Ford & Dick, Inc., named as defendants herein, that the service of the process of subpoena to answer the Bill of Complaint herein be vacated and that the Bill of Complaint herein be dismissed on the ground that this Court is without jurisdiction of the parties hereto as neither the plaintiff nor any one of the defendants are citizens of the State of New Jersey, or residents of the District of New Jersey, coming on to be heard, and after hearing Archibald Cox, Esq., specially appearing in support of said motion, and T. J. Johnston, Esq., counsel for complainant in opposition thereto, it is,

Ordered and adjudged that the subpoena to answer the Bill of Complaint herein, served upon Delpark, Inc., and Parker, Ford & Dick, Inc., named as defendants herein, be and the same hereby is [fol. 55] vacated and annulled;

And it is further ordered and adjudged that the Bill of Complaint in the above entitled cause be and the same hereby is dismissed for want of jurisdiction.

Wm. N. Runyon, United States District Judge.

[fol. 56] IN UNITED STATES DISTRICT COURT

CLERK'S CERTIFICATE

I, George T. Cranmer, Clerk of the District Court of the United States of America, for the District of New Jersey, in the Third Circuit, do hereby certify the foregoing to be a true copy of the original order setting aside service of subpoena and dismissing bill of complaint on file and now remaining among the records of the said Court, in my office.

In testimony whereof, I have hereunto subscribed my name and affixed the seal of the said Court, at Trenton, in said District, this 2nd day of December nineteen hundred and twenty-four.

George T. Cranmer, Clerk District Court, U. S., by R. S. Chevrier, Deputy. (Seal of the District Court of the United States, District of New Jersey.)

[File endorsement omitted.]

To Messrs. Treacy & Milton, Solicitors for Complainant.

GENTLEMEN: Please take notice that the within proposed Order will be submitted to the Honorable William N. Runyon, United States District Judge, at his chambers in the Chamber of Commerce

Building, in the City of Newark, in the District of New Jersey, on the 17th day of September, 1924, at 1:45 P. M., for settlement and signature,

Dated September 12, 1924.

Archibald Cox, Solicitor for Defendants, Delpark, Inc., and Parker, Ford & Dick, Inc., for the Purpose of the Motion Only.

Due Service of a copy of the within proposed Order with above notice of settlement endorsed thereon, admitted September 12, 1924.
Treacy & Milton, Solicitors for Complainant.

[fols. 57 & 58] CITATION—In usual form, showing service on Alex Johnson; omitted in printing

[fol. 59] IN UNITED STATES DISTRICT COURT

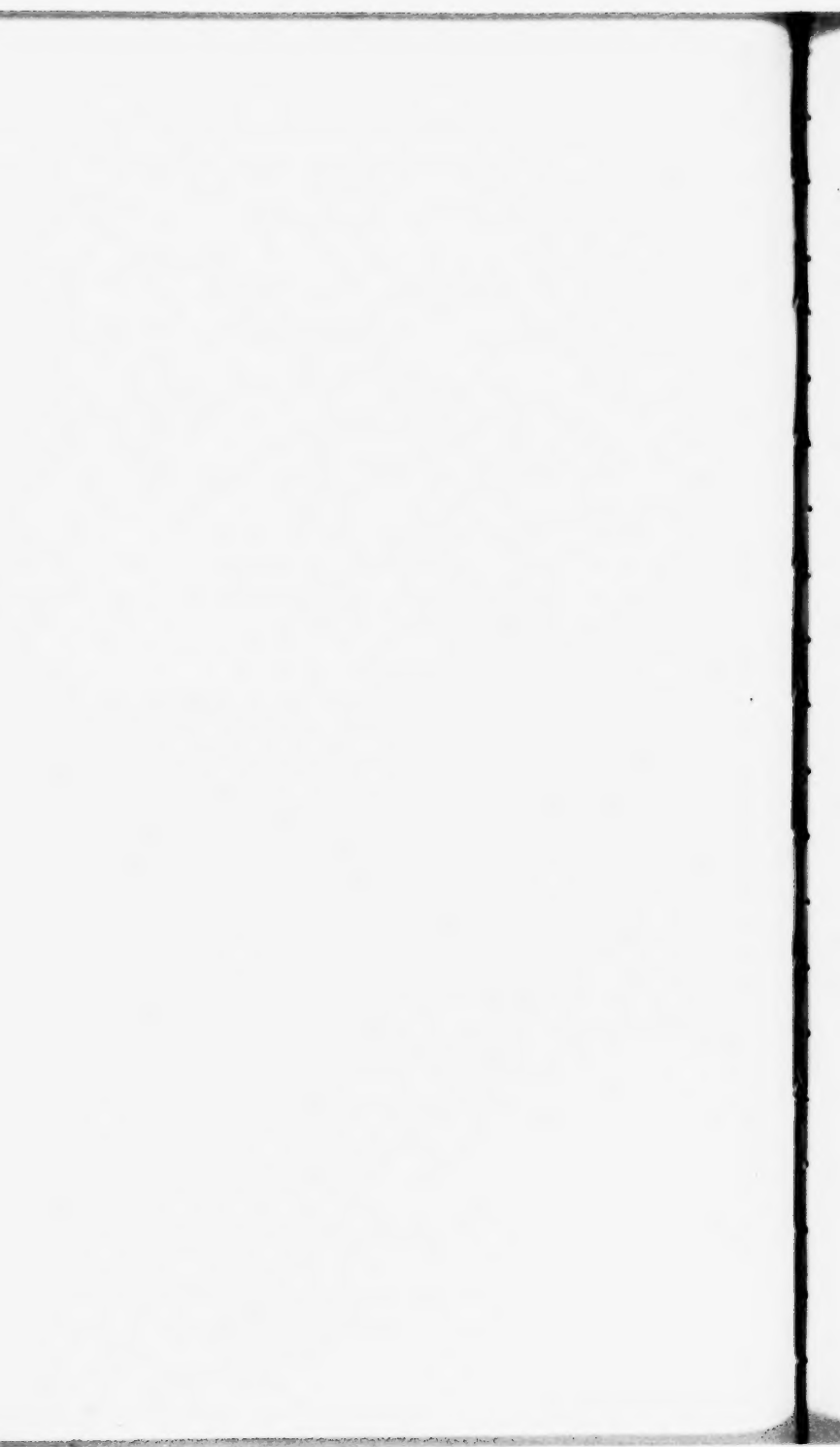
CLERK'S CERTIFICATE

I, George T. Cranmer, Clerk of the District Court of the United States of America, for the District of New Jersey, in the Third Circuit, do hereby certify the foregoing to be a true copy of the original citation and return on file, and now remaining among the records of the said Court, in my office.

In testimony whereof, I have hereunto subscribed my name and affixed the seal of the said Court, at Trenton, in said District, this fourth day of December, nineteen hundred and twenty-four.

George T. Cranmer, Clerk District Court U. S., by R. S. Chevrier, Deputy. (Seal of the District Court of the United States, District of New Jersey.)

Endorsed on cover: File No. 30,727. New Jersey, D. C. U. S. Term No. 220. Philip A. Luckett, appellant, vs. Delpark, Incorporated, and Parker, Ford and Dick, Incorporated. Filed December 8, 1924. File No. 30,727.



FILED

JAN 25 1926

WM. R. STANBURY
CLERK

Supreme Court of the United States

OCTOBER TERM, 1925.

PHILIP A. LUCKETT, -
Plaintiff-Appellant,

vs.

DELPARK, INCORPORATED, and
PARKER, FORD & DICK, INCOR-
PORATED,
Defendants-Appellees.

IN EQUITY
NO. 220

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES
FOR THE DISTRICT OF NEW JERSEY

BRIEF FOR P. A. LUCKETT, APPELLANT.

THOMAS J. JOHNSTON,
Solicitor of Record.

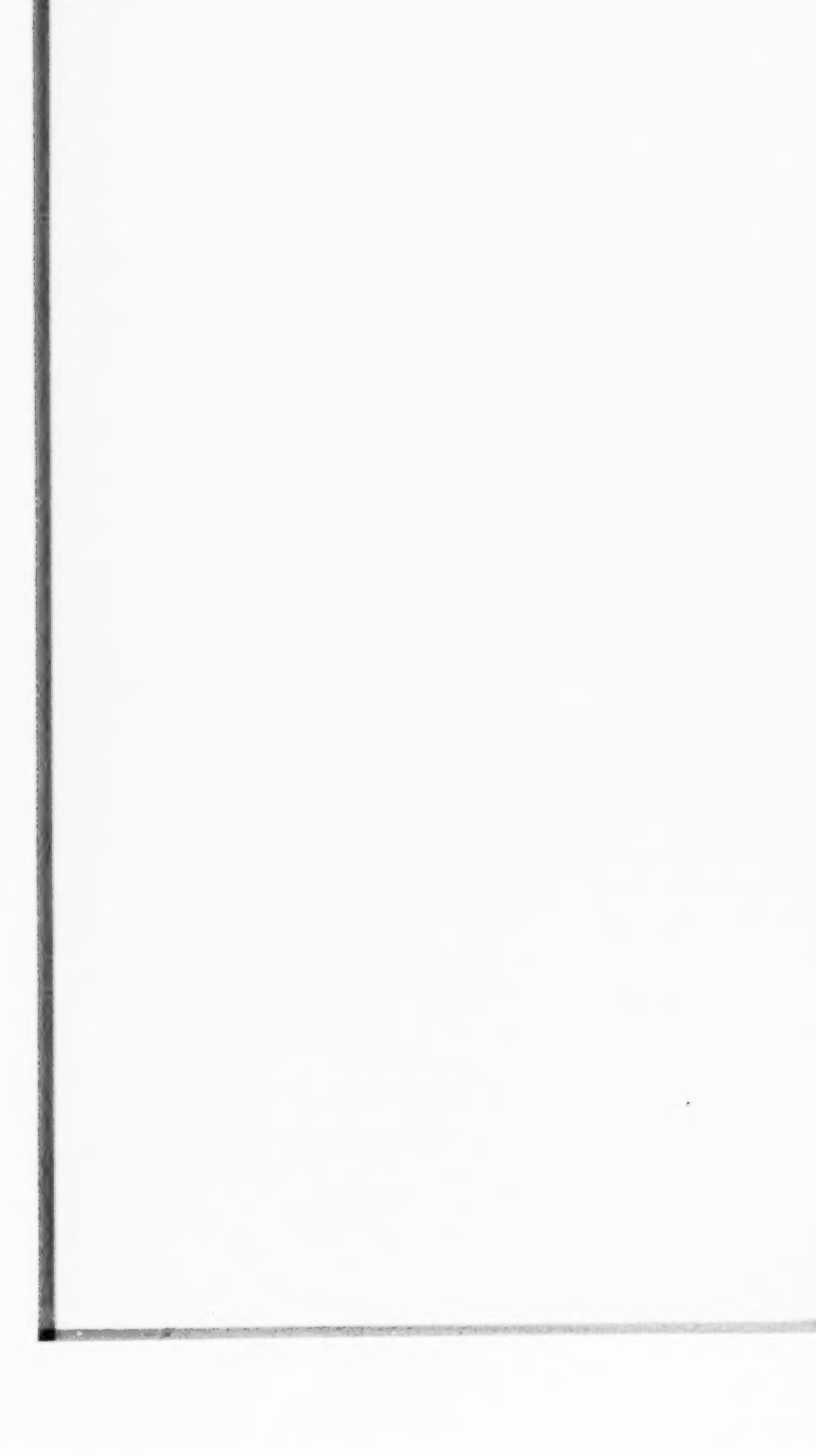
J. GRANVILLE MEYERS,
THOMAS J. JOHNSTON,
JOHN MILTON,
of Counsel.

INDEX.

	PAGE
The Bill of Complaint.....	3
A Brief Survey of the Law.....	4
The Cases Cited by the District Court.....	15

TABLE OF CASES.

Albright <i>v.</i> Teas, 106 U. S., 613.....	6
American Graphophone Co. <i>v.</i> Victor, 188 F. R., 431	16
Atherton Machine Co. <i>v.</i> Atwood, 102 F. R., 949..	9
Briggs <i>v.</i> United Shoe Machinery Co., 239 U. S., 48	13
Dale Co. <i>v.</i> Hyatt, 128 U. S., 46.....	6
Excelsior Wooden Pipe Co. <i>v.</i> Pacific Bridge Co., 185 U. S., 282.....	2, 7, 19
The Fair <i>v.</i> Kohler, 228 U. S., 22.....	10
Geneva Furniture Company <i>v.</i> Karpen, 238 U. S., 254	13
Hartell <i>v.</i> Tilghman, 99 U. S., 547.....	6
Healy <i>v.</i> Sea-Gull Co., 237 U. S., 479.....	5, 12, 19
Littlefield <i>v.</i> Perry, 21 Wall, 205.....	8
Quinby <i>v.</i> Quinby, New York Law Journal, Dec. 17, 1925, p. 1113.....	18
Rambler Cafeteria, C. C. A. 2nd Circuit, not yet reported	17
Skinner <i>v.</i> W. M. & R. Co., 140 N. Y., 217.....	17
Standard Dental Co. <i>v.</i> National Tooth Co., 95 F. R., 291.....	15, 16
White <i>v.</i> Rankin, 144 U. S., 628.....	6
Wilson <i>v.</i> Sandford, 10 Howard, U. S., 99.....	6



SUPREME COURT OF THE UNITED STATES,

OCTOBER TERM, 1925.

PHILIP A. LUCKETT,
Plaintiff-Appellant,

vs.

DELPARK, INCORPORATED, and PARKER,
FORD & DICK, INCORPORATED,
Defendants-Appellees.

IN EQUITY
No. 220

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES
FOR THE DISTRICT OF NEW JERSEY.

BRIEF FOR P. A. LUCKETT, APPELLANT.

This is a direct appeal on the question of jurisdiction, under the practice prior to the Act of February 13, 1925. The case is not here on *certiorari*, and the Court has nothing to do with the merits now, and probably never will have.

No question of fact is in issue. The facts well pleaded in the bill of complaint are admitted; there may be controversy whether some of the allegations are of ultimate fact, as we contend, or of deductions, as our brother will probably assert. The Court will determine that from the averments. We only say that it is settled law that an allegation of intent, or motive, is of an ultimate fact,

and that the evidence ought never to be pleaded. Any report of a motion to quash an indictment illustrates this elementary proposition.

The bill having been filed and subpoena served, a motion to dismiss in the nature of a demurrer (instead of a plea, as under the old rules) was granted by the Court.

Three different ways of showing the jurisdiction of this Court over an appeal of this character exist. *Ex-celsior Wooden Pipe Co. v. Pacific Bridge*, 185 U. S. 282. They are

1—A statement in the allowance of the appeal.

2—A statement in the decree appealed from.

3—A certificate of the District Judge.

All three concur here; on page 1, Record, in the petition for allowance; page 3, Record, by certificate; page 28, Record, by the judgment.

While the Court does not trouble itself very much with the mere mechanics of procedure, it must be assured of its jurisdiction.

While the question before the Court is jurisdictional, it amounts to saying that no court, anywhere, can give redress on an admittedly good cause of action, because (and only because) there are two defendants incorporated in different States; and this, though one corporation is controlled by the other, can only do as it is bid, and has an office and place of business in its controller's plant. Wherever the suit is brought, the only defense is, "go to some other court". We do not believe that any such reproach can be brought against American jurisprudence.

The ultimate fact complained of is that while the two corporations have enjoyed the use of plaintiff's patents for ten years, part of the time under license and later after its cancellation, nothing has ever been paid the patentee, for royalties or

for infringement, save twenty-five dollars paid at the time of signing one contract; nor does he know how much is due him, no account having ever been rendered, and inspection of books having been refused.

Plaintiff has never been able to drag the defendants into court, anywhere.

Surely some Court, somewhere, must have jurisdiction. It cannot be a State Court, because recovery for infringement and an injunction are sought. Both defendants infringe, and have an office and place of business in New Jersey; why not sue in that district?

The Bill of Complaint.

With the Exhibits (certain agreements and incorporation papers) the bill occupies some eighteen pages of a record containing only twenty-nine pages in all. It is a condensed account of transactions covering a period of several years, with as much detail omitted as possible. Most of what is left is not necessary here, though important in the District Court. It is hard to condense it further; but counsel who drew it intended to set out a cause of action for infringement of letters-patent of invention; the granting of licenses to the defendants; certain corporate relations between the latter, with some shifting thereof intended to defraud the plaintiff patentee; violation of conditions subsequent (including entire default in payment of royalties and making statements, refusal of examination of books, &c.); rescission of license agreements; repeated demands for accounting and payment; and prayers for relief, including injunction and accounting; with prayer for process.

In brief, this is a *patent suit*, charging fraud, with pleading and negation of an anticipated defence of license. If the cases cited later do not mean that such a suit is within the Federal jurisdiction, then we do not know what they do mean and await further instruction from this Court. We have always considered them entirely clear.

Ten years ago Mr. Luckett made his inventions (it doesn't matter what); and permitted the P. A. Luckett Company of Maryland to manufacture; The Delpark Company of New York took a license under the broad patent before it issued; then obtained stock control of the P. A. Luckett Company; persuaded Mr. Luckett to assign his second or subsidiary patent to the P. A. Luckett Company; had the P. A. Luckett Company (which had no record or equitable title, being only an implied licensee) join as grantor in the license to Delpark; organized The Luckett Company in Maryland; transferred all the assets of the P. A. Luckett Company to The Luckett Company; changed the name of The Luckett Company to Parker, Ford & Dick, Incorporated; removed everything to New Jersey; refused compliance with the conditions of the license, but continued the manufacture.

Delpark, a New York corporation, transacts its business in New Jersey.

Parker, Ford & Dick, a Maryland corporation, owned by Delpark, also transacts its business in New Jersey.

Neither infringes (so far as the bill goes, and there is nothing else here) in its home State. Both infringe and have "a regular and established place of business" in New Jersey: Section 48, Judicial Code. Full relief can be had in that Federal Court, and *nowhere else in the world*. Each is a necessary party for full relief. It is the uncontradicted charge of the bill that the arrangement was effected for the purpose of defrauding the plaintiff.

A Brief Survey of the Law.

This divides itself into cases under the older and more strictly technical practice, say those antedating *White v. Rankin*, 144 U. S. 628; and those since that decision evincing more liberality; culminating in those since the enactment of the Judicial Code and the promulgation by this Court of the revised Rules of Equity Practice,

198 F. R. We discuss the various cases, or more strictly what we may call samples of them, later. Just now we sketch an outline only. The line of division is clear enough, the facts of a particular case sometimes making it difficult to assign it to one territory or the other. There is necessarily some overlap.

Contract cases are an unitary branch of the law; whether the contract concerns an insurance policy, a bill of lading, or a patent, is all one. The jurisdiction of the Federal District Court must affirmatively appear from the usual constitutional considerations, a law of the United States, diverse citizenship, or what not. Whether performance or rescission, damages or execution, is sought, makes no difference.

Patent infringement is another branch of the law. When alleged in good faith, the Federal District Court has exclusive jurisdiction. That contract rights are also set up by defendant, or alleged and negated by anticipation in the bill, makes no difference.

The older cases held that the contract questions must be settled *before* the infringement could be sued for. This Court has steadfastly set its face against that view, and in its later cases, as we now point out, has sustained just such a bill as we have here; e. g., *Healy v. Sea Gull Manufacturing Company*, 237 U. S., 479.

We proceed to examine some of these cases, using what we believe are representative decisions.

The doctrine of this Court has always been that a bill to enforce a contract concerning patent rights was not within the Federal jurisdiction by reason solely of its subject-matter. The jurisdiction must attach otherwise, by diverse citizenship, e. g. The obvious soundness of the proposition needs no authority.

Wilson v. Sanford, 10 Howard, 99,

is an example frequently cited. Plaintiff has no quarrel with that doctrine. Other cases along that line are

Hartell v. Tilghman, 99 U. S., 547.

Albright v. Teas, 106 U. S., 613.

Dale v. Hyatt, 125 U. S., 46, and others.

All of these prior cases are discussed by Mr. Justice Blatchford in

White v. Rankin, 144 U. S., 628,

decided April 18, 1892. It is therefore unnecessary to distinguish them from the case at bar, since the learned justice, at least not wholly inexperienced in the subtleties of the patent law and its legal appendages, has done so in our stead.

White vs. Rankin does not conflict with *Wilson v. Sanford, Hartell v. Tilghman, Albright v. Teas or Dale v. Hyatt*, as the Court points out. In those cases pure questions of contract arose; the fact that the contract, *quo contract*, concerned patent rights, did not differentiate the law applicable to it from that controlling a contract of lease or sale. No question of infringement arose. In *White v. Rankin*, however, the bill alleged *infringement*, as in the case at bar; the defendant then *interjected* the questions of contract. There had been a long controversy in the State courts, the patent title was much involved, there had been two pleas and an answer and proofs (by stipulation) of various facts and of the proceedings in the State courts. The Circuit Court held that it had no jurisdiction; this Court held that it had. The case was controlled by the allegations *in the bill*.

The Court said:

“But, in the case now before the Court, the Circuit Court did not find that there was a sub-

sisting, valid contract governing the rights of the defendants in the use of the invention. The Circuit Court found nothing as to the existence or validity of the contract, decree or deed mentioned in the stipulation. The stipulation provides that, at the hearing, the contract, complaint, answer, decree, and deed, set forth in the stipulation, may be offered in evidence, subject to such objections as might be urged against the originals thereof. The stipulation further states that the defendants do not admit that anything is due to the plaintiff from Thompson, and that they do admit that nothing has been paid by Thompson to the plaintiff under the decree of the State court of August 26, 1884, and since the making thereof. *All these matters and questions ought to have been adjudicated by the Circuit Court before it could find ground to determine whether or not it should dismiss the bill.* Until it had so adjudicated those questions, the decision in the case of *Hartell v. Tilghman* could not apply."

This case is full authority for the proposition that the jurisdiction set up properly in the bill, cannot be defeated by contract rights *set up by the defendant*; even though these may be sufficient to win on the merits.

The next step in advance (in the direction of settling all the differences between the parties to a patent transaction in a single forum and at one time) was taken by this Court in

Excelsior Wooden Pipe Co. v. Pacific Bridge Co., 185 U. S., 282,

decided May 5, 1902; Opinion by Mr. Justice Brown.

Here the usual relation of parties to a suit of this character was practically reversed. The Pipe Company was an exclusive licensee from Allen, the patentee; it sued Allen and the Bridge Company *as infringers*, because Allen had granted to the Bridge Company a license

in derogation of plaintiff's rights. Of course, defendants set up revocation. The Court said:

"In short, the only defense was a denial of the license which lies at the basis of plaintiff's suit, and constitutes its title to the patent."

This case was decided in the Circuit Court on bill and answer. It is to be noted that the very considerations advanced by the District Court in this case (see the opinion, p. 22, record) were negatived in principle by this Court. The Court, quoting from

Littlefield v. Perry, 21 Wall. 205,

said:—

"They thus held a right under the patent. The claim is that this right has been infringed. To determine the suit, therefore, it is necessary to inquire whether there has been an infringement, and that involves a construction of the patents. * * * Such a suit may involve the construction of a contract as well as of a patent, but that will not oust the Court of its jurisdiction. *If a patent is involved, it carries with it the whole case.*"

And further (and here again we are on all fours):—

"The difficulty with the defendant's position is that it apparently leaves the plaintiff *without any adequate remedy.*"

Obviously that is true here. The Maryland corporation defendant cannot be served in the New Jersey State Court. It can be and was in the Federal court, under the Patent Act. The State court cannot enjoin either defendant from infringement. The Federal Court can.

"A court of equity looks to the substance rather than form."

Littlefield v. Perry, *supra*.

The Court concludes the decision in the *Excelsior* case by saying:—

“While we do not intend to allow the jurisdiction of the Federal courts to be invoked primarily for the determination of the respective rights of parties to a contract concerning patents, yet when the bill is an ordinary one for an infringement and the answer puts in issue the title of the plaintiff to sue, we think the jurisdiction is not ousted by the mere allegation that the license has been revoked and that the Court is at liberty to go on and determine that fact.”

All these cases were decided after *answer*; not on demurrer or plea, as is practically the effect of the motion to dismiss here.

It is to be noted that the Court referred with approval to the case of

Atherton Co. v. Atwood, 102 F. R. 949,

a case in the 3rd Circuit Court of Appeals, where the Court held that a suit on letters-patent for infringement would lie though both plaintiff and defendant claimed the patent under different assignments from the patentee; and that the title could be settled in the infringement suit. Yet obviously there could not be a real contest over validity, at least, if both parties were estopped to deny it. This case is not mentioned in the opinion below; nor is the *Excelsior Wooden Pipe Case*; nor *White v. Rankin*; nor others here cited.

The case at bar is by a patentee against his licensee; the *Excelsior* case was by a licensee against his patentee. But surely the law is not a non-reversible gear, like the steering-gear of a motor-car, to give relief in one direction to one party, and to have no effect in the opposite one. The *jurisdiction* is obviously identical in the two cases; the form or substance of the relief is not here.

These cases cited reversed the findings of the lower courts and directed them to take the cases on the merits.

The next case explaining the views of this Court which we cite is

The Fair v. Kohler, 228 U. S., 22,

decided March 24, 1913. Opinion by Mr. Justice Holmes.

Here the point of the defence was a restriction against cut-rate sales. Plaintiff said they were infringements, because contravening an express prohibition on the package; defendant said plaintiff had no power thus to restrict his license. Apparently this raised a question of contract, yet the bill was couched as an infringement suit, and the jurisdiction was maintained below and affirmed here. This was true, although the Court decided in the immediately following *Sanatogen* case, 229 U. S., 1, May 26, 1913, that plaintiff did *not* have that right as an incident of his patent. No jurisdictional question arose there.

The Court said:

“Of course the party who brings a suit is master to decide what law he will rely upon and therefore does determine whether he will bring a ‘suit arising under’ the patent or other law of the United States by his declaration or bill. That question cannot depend upon the answer, and accordingly jurisdiction cannot be conferred by the defense even when anticipated and replied to in the bill. (*Devine v. Los Angeles*, 202 U. S., 313.) Conversely, when the plaintiff bases his cause of action upon an act of Congress jurisdiction cannot be defeated by a plea denying the merits of the claim. It might be defeated, no doubt, in a case depending on diversity of citizenship by a plea to the citizenship of parties. (*Interior Construction and Improvement Co. v. Gibney*, 160 U. S., 217). We are speaking of a case where jurisdiction is incident to a Federal statutory cause of action. Jurisdiction is authority to decide the

case either way. Unsuccessful as well as successful suits may be brought upon the act, and a decision that a patent is bad, whether on the facts or the law, is as binding as one that it is good. See *Fauntleroy v. Lum* (210 U. S., 230). No doubt if it should appear that the plaintiff was not really relying upon the patent law for his alleged rights, or if the claim of right were frivolous, the case might be dismissed. In the former instance the suit would not really and substantially involve a controversy within the jurisdiction of the court, (*Excelsior Wooden Pipe Co. v. Pacific Bridge Co.*, 185 U. S., 282) and in the latter the jurisdiction would not be denied, except possibly in form. (*Deeming v. Carlisle Packing Co.*, 226 U. S., 102.) But if the plaintiff really makes a substantial claim under an act of Congress there is jurisdiction whether the claim ultimately is held good or bad. * * *

In this case the plea, though purporting to go to the jurisdiction of the Court, merely means that the patent law does not give a patentee a right to impose such a condition as the plaintiff attempted to impose upon second purchasers of the device. The plaintiff no doubt maintains that the law does give him that right, and that even if the alleged infringements are confined to the acts admitted by the plea they are infringements none the less. The bill hardly can be confined in that claim, but if it were, it is made in good faith and is not frivolous, it is a claim of right under the patent law and the circuit court properly took jurisdiction of the case. (*Excelsior Wooden Pipe Co. v. Pacific Bridge Co.*, 185 U. S., 282; *White v. Rankin*, 144 U. S. 628.)

Up to this point it will be observed that the attempts to defeat the jurisdiction had originated *with the defendant*, who set up in his answer or by plea (in *Fair v. Kohler*) matters not alleged in the bill, usually contract rights, licenses or the like. These did not prevail. It seems on principle that if a *plaintiff*, advised in advance

that such defences would be moved, should state them in the "charging part of his bill", with his negation of them, it would not defeat the jurisdiction. Surely jurisdiction cannot depend upon whether the facts are pleaded by the defendant, it being then sustained; or by the plaintiff, it being then defeated.

So this Court, if we understand

Healy v. Sea-Gull Specialty Co., 237 U. S., 479, decided on May 17, 1915. Opinion by Mr. Justice Holmes.

The situation just suggested arose in the Healy case; a bill for patent infringement alleged a "license, a breach of its conditions and a termination of the same". That is precisely the present case. The Court said:

"It may be that the reasoning of *The Fair v. Kohler Die & Specialty Co.* (228 U. S., 22) is more consistent with that of Mr. Justice Bradley's dissent in *Hartell v. Tilghman* (99 U. S., 547) a decision since explained and limited, *White v. Rankin* (144 U. S., 628), than with that of the majority, but it is the deliberate judgment of the court and governs this case. As stated there, the plaintiff is absolute master of what jurisdiction he will appeal to; and if he goes to the district court for infringement of a patent, unless the claim is frivolous or a pretense, the district court will have jurisdiction on that ground, even though the course of the subsequent pleadings reveals other more serious disputes. (*Excelsior Wooden Pipe Co. v. Pacific Bridge Co.*, 185 U. S. 282). Jurisdiction usually depends upon the case made and relief demanded by the plaintiff, and as it cannot be helped, so it cannot be defeated by the replication to an actual or anticipated defense contained in what used to be the charging part of the bill. For the same reason it does not matter whether the validity of the patent is admitted or denied.

As appears from the statement of it, the plaintiff's case arose under the patent law. It was not affected by the fact that the plaintiffs relied upon

a contract as fixing the mode of estimating damages or that they sought a return of patented machines to which if there was no license they were entitled. These were incidents. The essential features were the allegation of an infringement and prayers for an injunction, an account of profits and triple damages—the characteristic forms of relief granted by the patent law. The damages were grounded on the infringement, and the contract was relied upon only as *furnishing the mode in which they should be ascertained.*”

No one would presume to charge this Court with inadvertence in a deliberate and carefully considered opinion such as this; but if the charge were made it would be repelled by the fact that at the same term, June 14, 1916, speaking by Mr. Justice van Deventer, the Court decided the leading case of

Geneva Furniture Co. v. Karpen, 238 U. S., 254,

in which the *Healy* case was discussed, and applied; as is *The Fair v. Kohler*.

Also at the next term, on November 1, 1916, the Court decided

Briggs v. United Machinery Co., 239 U. S., 48.

Here the suit was “*merely*” one for royalties; it was dismissed for the want of jurisdiction, and affirmed here in a memorandum also by Mr. Justice van Deventer. The suit there was complicated by a demand for cancellation of a patent belonging to the defendant, which only the United States could bring on. There was no allegation of infringement or demand for injunction; the suit amounted to a suit for specific performance of a contract to pay money, which is not cognizable in equity at all.

So we see that this Court at different times has enunciated (in substance) the following clear and consistent propositions, each supported by reason and authority. In the light of them plaintiff prepared and filed his bill of complaint:

- I—Where the suit is based only on a contract concerning patent (or other) rights, whether
 - (a) To enforce the contract, (b) to modify it, (c) to cancel it, or (d) to recover damages for its breach,
 the suit is not one "touching patent rights," under Section 256, Par. 5, Judicial Code, and jurisdiction must be maintained, if at all, by reason of diverse citizenship or otherwise, under Section 24, Judicial Code; subject to the usual restrictions as to residence, etc., of the concurrent jurisdiction found in Section 51 of the Judicial Code. That patent rights may or must be incidentally considered does not affect the principle.
- II—Where the suit declares for infringement of letters-patent, the jurisdiction of the District Court is not only complete, but exclusive; subject to the residence limitation of Section 48, Judicial Code.
- III—Jurisdiction once attaching is not divested by the fact that contract questions must be decided in the adjudication on the merits.
- IV—The merits have nothing to do with jurisdiction. That depends exclusively upon the case stated by the plaintiff.
- V—Where the plaintiff pleads jurisdictional facts, an answer interjecting a contractual defense does not divest the jurisdiction; the Court must proceed to "hear and determine" all of the issues.
- VI—Where the bill pleads patent infringement, an anticipatory negation of a contract defence will not divest jurisdiction.

The provisions requiring the Court to dismiss the case if the suit is not in good faith a "Federal" one are of course to be given their proper effect.

The Cases Cited by the District Court

Of these, some support the conclusion of the learned District Judge. We would be "lacking in candor", to use the temperate phrase of the late beloved Chief Justice in the Standard Oil Company's case, to deny it. The objections to them as correct expositions of the law are several; they are prior in date to the decisions of this Court, referred to herein, explaining and defining jurisdictional limitations and requirements; they are prior in date to the new Equity Rules and the Judicial Code, which give much more latitude in bringing all pertinent issues and parties before the court in a single suit and at a single hearing; and (what is more important) they say that a plaintiff may *not* do what authoritative decisions of this Court say he *may* do.

Before referring further to these, at the risk of iteration we remind the Court that only the bill of complaint is before it; everything well pleaded is admitted, there being no answer or other denial.

The first case cited by the District Court is

Standard Dental Co. v. National Tooth Co., 95
Fed., 291.

This was decided in 1899, by Circuit Judge Gray, the able Judge from Delaware; most inaccurately referred to in the transcript as "Bray". It was somewhat like this case, involving license, failure of condition subsequent, cancellation, and patent infringement. The nub of the case is found in the sentence (p. 26, Record)—

"No suit for infringement can therefore lie until after this matter of the forfeiture is determined",

supporting this by *Wilson v. Sanford*, *Hartell v. Tilghman*, and a number of decisions in the early volumes (22 the latest) of the Federal Reporter.

But Judge Gray *did not mention* *White v. Rankin*, decided by this Court in 1892, and appears not to have known of it. Yet this Court there held that the forfeiture questions must be determined, *not before the bill could be entertained, but before it could properly be dismissed*; saying:—

“Until it” (the lower court) “had so adjudicated these questions, the decision in *Hartell v. Tilghman* could not apply.”

This clearly gave jurisdiction.

And of course the decision flatly contravenes *Healy v. Sea Gull Co.*, 1915, and *Excelsior Pipe Co.* case, 1902.

The other case cited below is

American Graphophone Co. v. Victor, 188 F. R., 431,

decided January 3, 1911; opinion by Cross, D. J.

This case, like the *Standard Dental* one, 95 F. R., 291, just discussed, does not mention *White v. Rankin*, and of course does not attempt a differentiation. It is singular that his Honor Judge Runyon did not observe that the decision had been affirmed in 188 F. R., 428. The decision supports the opinion below; the Court of Appeals, speaking by Judge Buffington on June 13, 1911, does wake up to the fact that this Court had spoken and attempts to distinguish by saying (p. 430):

“*White v. Rankin*, where there was no contract, in no way qualifies *Hartell v. Tilghman*, where there was a contract.”

But the fact that contract *vel non* should have been decided by the lower court was the very ground on which this Court reversed; and that was *jurisdiction*. See page

6, this brief. "The Circuit Court found *nothing* as to the existence or validity of the contract," &c. How the court can turn that into an assertion that there "was no contract" we do not see.

This distinction is mere stubbornness, trying to support a preconception after a superior tribunal had (at least) questioned it. This Court sent *White v. Rankin* back because the Circuit Court had no right to *dismiss* the bill until it had determined whether there *was* an existing contract. To do that of course it must take jurisdiction, and having the case, must dispose of all questions.

These cases antedate the *Excelsior Wooden Pipe and Healy v. Sea Gull* cases. The learned Court below has fallen into the error described by Judge Hough, for the Circuit Court of Appeals of the Second Circuit in

In re Rambler Cafeteria

N. Y. Law Journal, December 17, 1925 (not yet reported).

"There has been a good deal of case citing without proper attention to changing statutes and changing judicial views."

Also, they antedate the present Federal Equity Rules and the Judicial Code, and completely contradict the entire spirit of their provisions. They belong to the era now happily passed away, when a patentee had to "establish his patent at law" by a jury verdict before a mere chancellor would dare to issue an injunction.

These purely technical cases, dealing solely with pleading and practice, show the wisdom of the language of the Court of Appeals of New York in

Skinner v. W. M. & R. Co., 140 N. Y., 217.

"The licensee is not to be left in a doubtful or uncertain position. He must not be exposed to

the double danger of being defeated in a suit for infringement by a plea of license never effectively or authoritatively renounced; or, if he sues for royalties, of being beaten because there was merely an infringement, if anything."

This is just the situation which the bill says (Record, pp. 5, 6, 8, 9, Par. IV, VIII, XIV, XV, and XVI) was intentionally and deliberately attempted to be brought about by defendants.

No contradiction of these statements is admissible, no answer being on file.

The whole effort of the defendants has always been addressed to *keeping out of court*. The plaintiff is trying to get some court to investigate the facts. No money has ever been paid the plaintiff for royalties, though his patents have been used by defendants for ten years; see the Bill, par. XII.

"The justice and the exigencies of the situation are as weighty as technicalities appearing from the pleadings."

Quinby v. Quinby, N. Y. Supreme Court, N. Y. Law Journal, December 17, 1925, p. 1113.

No State Court can enjoin patent infringement. Parker, Ford & Dick being a Maryland corporation, the New Jersey State Court cannot get jurisdiction of it, nor of Delpark, a New York concern. The Federal Court can, under the Patent Act, by reason of the office in Newark of Delpark and Parker, Ford and Dick, and Section 48 Judicial Code, as the bill alleges. Acquiring jurisdiction, it should dispose of the whole matter.

Conclusion.

On the authority of the *Excelsior Wooden Pipe Case*, 185 U. S., 282, and *Healy v. Sea Gull Manufacturing Co.*, 237 U. S. 479, the decree below should be reversed, and the cause remanded to the Court below to proceed upon the merits.

Respectfully,

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